



Boone County, Indiana
Established 1830

Lisa Garoffolo
Boone County Assessor
115 Courthouse Square
Lebanon, Indiana 46052
OFFICE 765-483-4405 FAX 765-483-5239

Date: June , 2014
To: J. Barry Wood
Director of Assessments
Indiana Department of Local Government Finance

Re: SUMMARY REPORT
2014 BOONE COUNTY ANNUAL ADJUSTMENT RATIO STUDY

The following document is issued as supporting documentation to the 2014 Boone County Internal Ratio Study submitted to the Indiana Department of Local Government Finance on June , 2014. The Ratio Study was submitted via e-mail, to your attention, in Microsoft Excel format.

The annual adjustment process was performed by Government Utilities Technology Service (GUTS). The assessed values in Boone County were established by implementing the same, unchanged cost schedules issued by The Department for 2013 and adjusted using local Sales and Income & Expense data. The attached ratio study was performed in accordance with the 2007 *IAAO Standard on Ratio Studies*.

I. RESIDENTIAL PROPERTIES

- **Vacant vs. Improved Sales in Ratio Study - *NOTE*:** While extracting sales for the 2014 Boone County Ratio study, vacant vs. improved sales were determined by Box 3 (Vacant Land) in the Conditions Section (B) of the Sales Disclosure Form, not by Property Subclass. In the past, this has been an issue during the review process by the DLGF representative. If box 3 is checked Yes, those sales will be in the Vacant Residential Ratio Study. If box 3 is checked No, those sales will be in the Improved Residential Ratio Study.

At the time many Sales Disclosures were filed with the assessor, data entry on new construction had not been completed. Many parcels involved with improved sales still had a subclass of vacant (500, 501, etc) and the dwellings had not been entered into the system. In order to maximize the number of sales deemed valid and used in the study, the PVDNet Trending/Ratio Study Module points to Box 3 (Vacant Land) when gathering sales, not a subclass that may have been changed after the Sales Disclosure Form was filed. Using Box 3 (Vacant Land) instead of subclass insures that upon signing their names, buyers and sellers are certifying they paid X number of dollars for either Vacant Land or Improved Property.

- **Methodology:** The annual adjustment process for residential properties in Boone County was conducted by calculating new neighborhood factors based upon sales deemed valid for trending.

- **Application of Factor (50 IAC21-5-2)** Regarding residential improved property classes, new neighborhood factors were calculated and applied in accordance with IC6-1.1-4 and the Real Property Assessment Guidelines for 2002-Version A as sales data dictated. For neighborhoods with zero or insufficient sales data, the neighborhood factor was changed based on comparable neighborhoods in that specific residential real estate market. Where sales and/or other market derived data dictated, some properties were left the same for 2014.
- **Sales Data:** Boone County used sales from the mandated sales window of 1/1/2013 through 3/1/2014 to trend each individual neighborhood, therefore, no adjustments were made to the sales. In the event that the number of sales seemed scarce for a specific Township, comparable Townships were “grouped” together for the purpose of the ratio study. The “grouping” of these sales is illustrated on the *formatted* tab of the attached ratio study.
- **Neighborhood Delineations (50 IAC 31-4-1):** A review of the existing residential neighborhood structure for Boone County indicated that the current numbering format and stratification was deemed acceptable in displaying homogenous qualities. The numbering format is such that each neighborhood can be identified by Township by numerical order. As in previous years, some residential neighborhoods required further stratification for differences in lot size and selling price in 2014. New neighborhoods were also created and applicable parcels moved as supported by sales data.
- **Land Values Reviewed:** Upon review of the existing 2014 land values, vacant land sales indicated the need for adjustments to home site base rates, residual/excess rates and primary base rates in some areas. Using vacant lot sales, adjustments were made to residential land rates.

II. COMMERCIAL-INDUSTRIAL PROPERTIES

- **Methodology:** Boone County considered all valid approaches to value (Sales, Cost, and Income) for Commercial/Industrial properties. Upon review of the sales data, if it was determined that there were not sufficient sales to utilize the sales comparison approach exclusively, other approaches to valuation were considered and implemented in accordance with IAAO standards. Based upon the available data, very little change was observed in commercial/industrial market value from 2013 to 2014.
- **Sales Data (50 IAC 21-3-3):** Only sales from the mandated sales window of 1/1/2012 through 3/1/2013 were considered and no sales were adjusted.
- **Income data/Income Approach to Valuation (50 IAC 21-3-3):** The sources for the data (Rents, Vacancy Rates, Expense Ratios, Capitalization Rates, etc.) used in these assessments were gathered from individual taxpayer income & expense data, public access documentation and historical data from IncomeWorks software.
- **Neighborhood Delineations (50 IAC 31-4-1)** All Commercial/Industrial neighborhoods were evaluated and subtle changes were made to neighborhood delineations. New boundaries were established and some combined as to maintain consistency and equality across jurisdictions.